

Realty Trust Review

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INVESTMENT OUTLOOK AND STATISTICAL ISSUE

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INVESTMENT OUTLOOK: INFLATION FEARS DEPRESS MORTGAGE TRUSTS BUT EQUITY GROUPS GAIN

Once again that bugbear of the stock markets, inflation, choked off any rally attempt in the past month and the 132 stocks in our computerized market survey dipped 0.1%. All REITs are up 2.2% from Dec. 31 through the latest pricing date, Feb. 22, vs. a 6.4% decline in the Dow-Jones Industrials. Thus while many REIT shares have failed to follow through on the furious November-December rally, they've generally outperformed the market.

Strongest group last month was the subordinated land trusts, ahead by 2.1% on strength in Cabot, Cabot & Forbes Land Trust and Property Capital Trust. Weakest group by far was short-term construction lending trusts sponsored by miscellaneous financial institutions, off 10%. IDS Realty and LMI Investors both nosedived in this group, while Nationwide Real Estate was off on its report of higher nonearning assets.

Fear of renewed inflation has hurt the stalwart dividend payers most, as investors seek to upgrade return to compensate for expected higher inflation rates. The Big Five insurance company trusts all have sold down about 10% from their year-end highs on this fear. The market thus shrugged off achievement of record quarterly earnings of 59¢/share by Equitable Life Mortgage & Realty in its January 1977 quarter, breaking a record set in the April 1973 quarter. EQ today is nearly twice as large in invested assets and more heavily weighted toward short-term mortgages than it was at the earlier peak.

Equity trusts are benefitting from the renewed inflation fears as the virtual halt to new income property construction in many areas is making existing property holdings more valuable, and thus investors are willing to accept lower dividend yields.

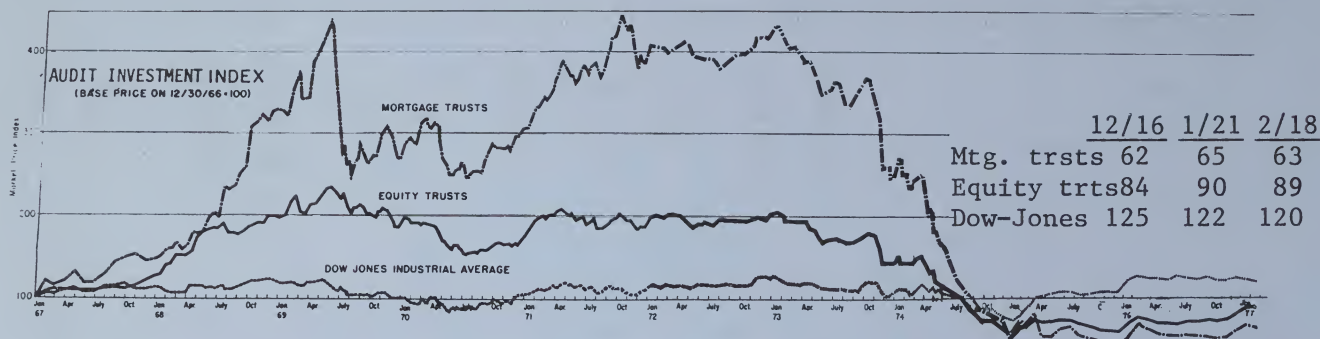
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GROUP RATES ON REQUEST



Biggest gainers since Jan. 1 in this group have been trusts resuming dividends: Gould Investors, up 37%; First Fidelity Investment, up 33%; and San Francisco RE, up 22%. Prospects of dividend resumption are fueling runups in C.I. Realty, up 22%; Summit Properties, up 37½%; and Investors Realty, up 33%. Florida Gulf is the only continuous dividend payer among these big 1977 gainers to date. In this environment we continue to stay with trusts holding mostly completed properties for recovery, along the lines suggested in RELATIVE APPEAL RANKINGS and recent reviews. Two additional suggestions are reviewed this issue.

TRUST NOTES: WARRANT DEATHS AND SNAFUS

Trusts continue to announce they will let warrants expire following an I.R.S. ruling that warrants issued before April 24, 1972 could expire unexercised without incurring taxable income to the trust. Continental Illinois Realty will let 179,311 warrants to buy one share at \$20 expire on schedule April 2. Realty ReFund Trust also will let 1,013,000 warrants to buy shares at \$20 between March 17 and June 14, 1977 expire on that latter date. Since RRF shares trade very close to exercise price, the trust says its lending banks have approved using exercise proceeds to make new mortgage loans.

NJB Prime Investors is redeeming its 250,000 warrants at 75¢ each, the recent market price. These warrants would have been exercisable this April into the number of shares derived by dividing \$100 by 80% of the average share price on the last 10 trading days before March 31, 1977. At present quotes of 5/16 bid, this would have meant about 400 shares per warrant, or about 100,750,000 new shares. Trustees determined to redeem the warrants, rather than let this potential dilution occur, because they deemed it could lead to disqualification as a REIT by concentrating share ownership (even though trustees earlier decided not to seek REIT qualification for the November 1975 FY). The trust will become internally administered March 1 but the former adviser, 75% owned by Greater Jersey Bancorp, will advance the \$187,500 to redeem the trust warrants. A similar problem confronts Citizens & Southern Realty, whose 300,000 Series A warrants become exercisable for 30 days after Oct. 15, 1977 into the number of shares derived by dividing \$100 by 80% of average sales price for 10 days before Oct. 15. If this price is less than \$33, the trust has the option to redeem the warrants at \$25 each. The current credit agreement would prohibit such purchases, however. At current share price of 1¼, the warrants would be exercisable into 30 million shares, but the trust does not currently have authorization to issue that many shares and is asking shareholders at the March 23 annual meeting to approve new shares. The trust's 6-3¼% subordinated debentures may be used at face amount to exercise the warrants.

Nonearning investments and total assets declined slightly last month, so that nonearning investments stayed a steady 57% of investments. Our monthly tally:

Group	Number	--Invested assets--		%	
		Non-earning	Total	Non-earning	Month %
Short-term mortgage..	59	\$7,022M	\$9,464M	74%	-2.5%
Inter.& long-term mtg.	28	1,649	3,957	42	-3.2
Equity & combination..	44	883	3,407	26	-5.0
TOTALS/AVERAGES..	131	\$9,554M	\$16,828M	57%	-2.8%

DIVIDEND TRENDS: FEBRUARY DECLARATIONS RETAIN STABLE PATTERN

January declarations showed continued stability. Two trusts raised payouts. BankAmerica Realty Investors increased 3¢ from the previous quarter because of internal improvement as its non-earning investments dropped. Realty ReFund again hiked payment as its fully earning portfolio benefitted further from low interest rates. These gains were offset in our tally as North American Mortgage omitted its dividend as the trust ran out of taxable earnings from the previous year. This practice of carrying over taxable earnings to the next year will be ending anyhow under the new tax law. Another small bright spot was Virginia REIT's 10¢ special, its first dividend since Dec. 1975. It was not a resumption but came out of estimated 1977 taxable income. The hallmark, however, is the stability of current payers, the majority now running well ahead of a year ago including a few which resumed payment.

	Up	Same	Down	Total	%Change
Feb.	2	8	1	11	NC
Year	4	16	2	22	--
-----From previous year-----					
Feb.	7	3	1	11	+18%
Year	10	9	3	22	--

Trust	Record date	Dividend/share-- Latest	Previous	Net change-- Amt.	Percent	Special	Year Ago	% Change
BankAmerica Realty	2/28	\$0.13	\$0.10	+\$0.03	+30	--	\$0.05	+160
Consol. Cap. Realty	2/17	0.1684M	0.1684	--	NC	--	0.1667	+1
Federal Realty	3/25	0.31	0.31	--	NC	--	0.31	NC
Nationwide REIT	2/24	0.04	0.04	--	NC	--	0.03	+33
New Plan Realty	2/15	0.075M	0.075	--	NC	--	0.07	+7
North American Mtg.	Omitted	0.00	0.05	-.05	-100	--	0.25	-100
Pacific Southern Mtg.	2/14	0.15	0.15	--	NC	--	0.00	--
Property Capital	2/28	0.30	0.30	--	NC	--	0.30	NC
Property Trust America	2/25	0.05	0.05	--	NC	--	0.00	--
Realty Income Trust	2/28	0.35	0.35	--	NC	--	0.15	+133
Realty ReFund	2/28	0.56	0.54	+0.02	+4	--	0.51	+10
Terrydale Realty	2/18	0.37	0.37	--	NC	--	0.37	NC
Virginia REIT	2/11	--	--	--	--	\$0.10	--	--
Washington REIT	3/7	0.44	0.44	--	NC	--	0.325	+35
TOTALS (11 Trusts)b		\$2.70	\$2.70	--	NC	--	\$2.295	+18

b-Excludes monthly and special dividends. NC-No change. M-Monthly. Trusts with dividends reduced from previous quarter underlined.

COMPARATIVE TRUST GROUP AVERAGES 02/23/77

GROUP	SHARE A (000)	EQUITY VALUE	ANN DIV*	EARN ANN*	LAST PRICE	% CHG MCN	FROM AGC	P/E JAN 1	ANN* YIELD	% PR TC RK	RETURN CN EK	MARKET VALUE
EQUITY TRUSTS	20	2046	11.89	0.80	0.92	11.03	0.9	4.7	12.0	7.3	-7.2	560.5
EQUITY AND MORTGAGE COMBIN	22	1658	9.74	0.30	0.52	5.78	0.0	7.3	11.2	5.3	-40.6	172.8
SUBORDINATED LAND TRUSTS	3	2689	12.97	0.40	0.61	6.79	2.1	-7.9	11.1	5.9	-47.6	50.2
AVERAGE 3 EQUITY GROUPS	45	1899	10.91	0.53	0.70	8.18	0.6	4.8	11.7	6.5	-25.0	409.0
SHORT-TERM MTG-INDEPENDENT	17	3764	0.21	0.00	0.10	1.16	-0.6	3.8	11.8	0.0	438.4	44.7
SHORT-TERM MTG-MTG BANKER	17	2075	8.12	0.29	0.33	4.68	1.0	1.7	14.2	6.2	-42.3	4.1
SHORT-TERM MTG-CCMCL BANK	17	2314	2.94	0.03	0.42	2.45	-4.7	0.2	5.9	1.2	-16.8	108.0
SHORT-TERM-MISC FINCL	8	2381	5.07	0.02	0.63	2.63	-10.0	-6.9	4.2	0.8	-48.2	12.3
AVERAGE 4 SHORT-TERM GROUPS	59	2672	3.94	0.05	0.33	2.74	-2.2	0.4	8.3	3.4	-30.3	8.4
INTERMEDIATE-TERM MORTGAGES	6	3345	3.22	0.37	0.38	4.11	1.2	-4.7	10.7	9.1	27.5	12.0
LONG-TERM MTG & EQUITIES	22	2525	12.08	0.49	0.49	7.11	0.4	-0.5	14.6	6.9	-41.1	4.0
AVERAGE LONG & INTERMEDIATE	28	3015	10.18	0.47	0.46	6.47	0.5	-1.1	13.9	7.2	-36.4	4.6
OVERALL AVERAGE	132	2481	7.64	0.32	0.48	5.39	-0.1	2.2	11.1	6.0	-29.5	6.3
DOW-JONES INDUSTRIAL AVERAGE					95.81	938.66	-2.6	-6.6	9.8	4.5	*Latest quarter annualized	

STRAIGHT BONDS

STRAIGHT BONDS

Issuer & Desc.	Ex.	Int.	Mat.	Mil.\$	Price	Change	Yield
Alison Mtg.-b	OCx	8.75%	'79	\$ 7.0	\$40.00	- 7%	22%
Atico Mtg.-c#	NY	6.75	'82	16.9	58.13	+ 2	12
BT Mtg. Inv.-c	OC	5.75	'82	20.0	43.00	- 2	13
Barnett Mtg.-c#	OC	6.75	'91	17.3	19.00	0	36
Barnett Mtg.-cd	OC	8.50	'98	30.0	29.00	0	29
Barnett-Min.-ce	OC	8.25	'98	30.0	32.00	+ 10	26
Cabot C&F Land-c	NY	8.50	'81	23.0	61.50	+ 6	14
Chase Man. Tr.-a	NY	7.88	'78	50.0	87.88	+ 5	9
Chase Man. Tr.-c	NY	7.50	'83	60.0	68.50	+ 10	11
Cit.&So. Rlty.-c#	OC	6.75	'78	30.0	27.00	- 4	25
Cit. Mtg. Inv.-b	ASx	8.50	'80	20.0	24.00	+ 20	35
Colwell Mtg.-b	NY	8.20	'80	25.0	32.00	- 18	26
Cont. Ill.Rl.-b	NY	7.63	'79	25.0	73.00	+ 1	10
Cousins M&E-c	NY	6.50	'82	30.0	43.00	- 3	15
First Mtg.-a	OC	6.75	'82	12.6	25.00	0	27
First Mtg.-a	OC	8.25	'77	23.5	52.00	+ 2	16
First Virg.-b	OC	8-12f	'80	20.0	38.00	0	21
Great Amer.Mtg.-b	OC	7.55	'79	25.0	13.00	- 7	58
Great Amer.Mtg.-c	OC	8.75	'83	25.0	9.00	- 10	97
Guardian Mtg.-b	NY	7.50	'79	25.0	44.63	+ 1	17
Guardian Mtg.-c#	AS	6.75	'86	8.6	38.13	- 2	18
Gulf Mtg.&Rl.-c#	AS	7.70	'80	20.0	72.50	+ 12	11
IDS Realty-h	OC	--	--	179.8	15-25	0	NC
Issuer & Desc.	Ex.	Int.	Mat.	Mil.\$	Price	Change	Yield
Insti. Inv.-b	NY	7.88	'80	\$20.0	\$68.50	+ 8%	12%
Justice Mtg.-b	OC	7.75	'79	19.6	33.00	+ 14	23
LMI Investors-c	NYx	6.75	'82	10.0	37.00	0	18
Midland Mtg.-b	NY	8.00	'80	18.5	55.00	- 12	15
Mtg. Inv. Wash.-b	OC	8.50g	'80	15.0	55.00	+ 4	15
NJB Prime Inv.-c#	OC	7.00	'80	12.9	30.00	+ 36	23
No.Amer. Mtg.-c	NY	5.50	'79	27.8	82.50	0	7
New Plan Rlty.-c	OC	8.50	'91	1.0	65.00	+ 8	13
Saul (B.F.)-c	NY	8.50	'80	25.0	85.88	+ 2	10
State Mut. Inv.-b	NYx	9.00	'80	25.0	60.00	+ 18	15
Security Mtg.-b	AS	7.25	'82	50.0	77.75	- 1	9
Security Mtg.-c#	OC	6.00	'82	17.1	50.00	- 4	12
Tri-South Mtg.-b	NY	7.75	'80	25.0	46.00	- 3	17

Description: a-Senior; b-Senior subordinate; c-Subordinate or junior subordinate. d-Convertible at \$39 till 9/1/78 when price may be adjusted. e-Convertible at \$31 till 12/1/78 when price will be adjusted. f-Variable at 1½% over monthly prime. g-Variable rate at 1½% over prime in Oct. and April. h-Five series, A-E: 6-7/8, 7-1/8, 7-3/8, two variable; 1987-94. x-Suspended by exchange. #—May be used at par to exercise warrants.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN CIV*	EARNINGS MCN	ANN*	LAST PRICE	% CHG MCN	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO EK	RET CN EK	MKT VA (MIL\$)
EQUITY TRUSTS														
API TRUST #	O-API	1012	11.89	0.40	DEC	0.32	4.25x	2.4	13.3	13.3	9.4	-64.3	2.7	4.3
C I REALTY #	N-CIX	2609	16.59	0.00	AUG	0.40	5.63	7.2	21.6	14.1	0.0	-66.1	2.4	14.7
CITIZENS GR#	O-CITGS	811	10.12	0.00	JUL	0.00	1.00	-20.0	-20.0	0.0	0.0	-90.1	0.0	0.8
CON ILL PRO#	N-CIE	4808	21.09	1.28	CCT	1.00	16.88	1.5	2.3	16.9	7.6	-20.0	4.7	81.2
CONSC CAP R#	O-CCPLS	1589	21.24	2.02	←AUG	2.32	23.50x	-2.4	-4.1	10.1	8.6	10.6	10.9	46.7
DENVER REI #	O-DENVS	1091	8.78	0.60	SEP	0.80	7.50	11.1	11.1	9.4	8.0	-14.6	9.1	8.2
FEDERAL RLTY	A-FRT	1353	9.66	1.24	←DEC	1.16	14.63	5.4	11.4	12.6	8.5	51.4	12.0	19.8
FIRST UNICN#	N-FUR	3995	8.48	1.00	CCT	1.16	12.00	-3.1	-1.1	10.3	8.3	41.5	13.7	47.9
FLORIDA GLF#	O-FGLFS	975	15.67	1.28	CCT	1.28	13.75	14.6	22.2	10.7	9.3	-12.3	8.2	13.4
FST FIDELTY#	O-FFITS	866	10.69	0.14	AUG	0.04	4.00	-15.8	33.3	100.0	3.5	-62.6	0.4	3.5
GENERAL GRO#	N-GGP	6202	6.14	1.40	DEC	1.44	22.75	-1.6	2.2	15.8	6.2	270.5	23.5	141.1
GOULD INVST#	A-GTR	1179	6.50	0.10	DEC	0.51	4.63	12.1	37.0	5.1	2.2	-28.8	14.0	5.5
GREIT RLTY #	A-GRT	998	10.98	0.40	CCT	0.76	6.25	-13.8	0.0	8.2	6.4	-43.1	6.9	6.2
HUBBARD REI	N-HRE	4004	21.94	1.20	CCT	1.48	16.50	-2.9	4.8	11.1	7.3	-24.8	6.7	66.1
NEW PLAN RL	C-NPLNS	1331	2.30	0.90	←JUL	0.72	9.50x	6.4	5.6	13.2	9.5	313.0	31.3	12.6
PENN REIT #	A-PEI	1516	12.03	1.15	NCV	1.56	13.13x	-0.3	-6.2	8.4	8.8	9.1	13.0	19.9
REIT CF AMER	A-REI	1633	21.13	1.20	NCV	1.00	15.00	1.7	-6.3	15.0	8.0	-29.0	4.7	24.5
SUMMIT PRCP#	O-SMSTS	1554	7.35	0.00	JUL	0.21	2.75	0.0	37.5	13.1	0.0	-62.6	2.9	4.3
WASH REIT #	A-WRE	1473	10.62	1.76	←SEP	1.84	25.38	1.5	6.9	13.8	6.9	139.0	17.3	37.4
WISC REI FD#	O-WREIS	1514	4.58	0.00	SEP	0.02	1.63	8.7	8.7	81.5	0.0	-64.4	0.4	2.5
GROUP AVERAGE		2046	11.89	0.80		0.92	11.03	0.9	4.7	12.0	7.3	-7.2	7.7	560.5
EQUITY AND MORTGAGE COMBINATION TRUSTS														
AMER REALTY	A-ARB	2222	2.80	0.00	DEC	0.09	0.44	-50.0	-30.2	4.9	0.0	-84.3	3.2	1.0
BANKAM RLTY	C-BRLTS	3547	14.82	0.52	↑JAN	1.18	11.13x	15.5	11.3	9.4	4.7	-24.9	8.0	39.5
BRT RLTY TR	A-BRT	1400	5.80	0.00	ALG	0.00	0.88	-12.0	0.0	0.0	0.0	-84.8	0.0	1.2
FLATLEY RLTY	O-FLTIS	1000	6.54	0.00	SEP	0.16	2.50	-16.7	-16.7	15.6	0.0	-61.8	2.4	2.5
FRANKLIN RLY	A-FF	999	7.48	0.00	DEC	0.00	3.63	0.0	11.7	0.0	0.0	-51.5	0.0	3.6
HOTEL INVSTR	A-HOT	1545	17.62	1.28	NCV	1.28	13.00	-2.8	2.9	10.2	9.8	-26.2	7.3	20.1
INDIANA M&R#	O-INDMS	1154	8.96	0.00	DEC	0.00	2.63	10.5	5.2	0.0	0.0	-70.6	0.0	3.0
INVESTOR RL#	A-IRT	1579	10.62	0.00	ALG	0.04	6.00	-11.1	33.3	150.0	0.0	-43.5	0.4	9.5
JMB REALTY#	O-JMERS	510	18.20	1.60	ALG	1.96	14.50	5.5	7.4	7.4	11.0	-20.3	10.8	7.4
LINCOLN MTG*	C-LNMG	1155	1.71	0.00	DEC	0.00	0.44	15.8	0.0	0.0	0.0	-74.3	0.0	0.5
MILLER HEN S	C-HSMTS	560	16.95	0.00	NCV	0.66	8.25	6.5	10.0	12.5	0.0	-51.3	3.9	4.6
NJB PRIME	C-NJB	1280	-0.34	0.00	ALG	0.00	0.31	0.0	14.8	0.0	0.0	NEG.	0.0	0.4
PLAZA REALTY	C-PNE	1114	3.51	0.00	SEP	0.00	0.88	0.0	-12.0	0.0	0.0	-74.9	0.0	1.0
PRCP TRUST#	C-PTRAS	2506	7.72	0.20	←SEP	0.50	4.25x	7.5	6.3	8.5	4.7	-44.9	6.5	10.7
RIVIERE RLY#	C-RIVIE	783	8.13	1.00	SEP	1.04	8.88	4.5	4.5	8.5	11.3	9.2	12.8	7.0
RLTY INCOME	A-RIT	1565	13.50	1.40	←CCT	2.27	9.88x	-2.6	-5.9	4.4	14.2	-26.8	16.8	15.5
SAN FRAN RF#	A-SFI	1348	19.95	0.60	DEC	1.28	13.38x	-3.4	21.6	10.5	4.5	-32.9	6.4	18.0
SAUL (RF)REI	N-BFS	5658	7.27	0.00	DEC	0.00	4.00	-3.1	-3.1	0.0	0.0	-45.0	0.0	22.6
US BANCORP #	A-UBT	840	16.47	0.00	NOV	0.00	8.25	-4.4	3.1	0.0	0.0	-49.9	0.0	6.9
US REALTY #	N-UTY	3434	4.20	0.00	SEP	0.00	3.00	-11.2	14.1	0.0	0.0	-28.6	0.0	10.3
VIRGINIA RF#	C-VARES	1251	10.02	0.10	↑SEP	0.88	7.50x	-1.9	15.4	8.5	1.3	-25.1	8.8	9.4
WALTER RLTY#	O-WALUS	1035	12.28	0.00	CCT	0.00	3.50	7.7	7.7	0.0	0.0	-71.5	0.0	3.6
GROUP AVERAGE		1658	9.74	0.30		0.52	5.78	0.0	7.3	11.2	5.3	-40.6	5.3	198.3
SUBORDINATED LAND TRUSTS														
CABOT LAND	N-CFT	2992	7.68	0.00	NCV	0.00	3.00	4.2	-17.4	0.0	0.0	-60.9	0.0	9.0
ICM REALTY	A-ICM	3011	17.57	0.00	AUG	0.64	5.63	-4.3	-13.4	8.8	0.0	-68.0	3.6	17.0
PROPERTY CAP	A-PCL	2065	13.67	1.20	←JAN	1.20	11.75x	4.8	-2.1	9.8	10.2	-14.0	8.8	24.3
GROUP AVERAGE		2689	12.97	0.40		0.61	6.79	2.1	-7.9	11.1	5.9	-47.6	4.7	50.2
SHORT-TERM MTG-MTG BANKER														
ATICC MTG IN	N-ACC	2706	7.66	0.00	OCT	0.00	2.13	0.0	-14.8	0.0	0.0	-72.2	0.0	5.8
BAIRD & WARNR	C-BAICS	1043	16.67	0.96	CCT	0.13	7.75x	-6.0	14.8	59.6	12.4	-53.5	0.8	8.1
BARNES MTG	C-BARNS	1510	13.19	0.00	SEP	0.00	2.50	11.1	17.4	0.0	0.0	-81.0	0.0	4.8
CENTRAL MTG	C-CMRTS	775	12.85	0.00	DEC	0.00	4.00	-5.9	33.3	0.0	0.0	-68.9	0.0	3.1
COLWELL MTG	C-CLM	2030	1.55	0.00	SEP	0.00	0.75	-57.1	-60.1	0.0	0.0	-51.6	0.0	1.5
FIRST CENTNL	O-FCRES	2106	10.28	0.88	NCV	0.88	8.63	6.2	4.6	9.8	10.2	-16.1	8.6	18.2
FRASER MTG I	C-FRASS	1038	16.40	1.00	NCV	0.96	9.75	5.4	5.4	10.2	10.3	-40.5	5.9	10.1
GUARDIAN MT	N-GMI	3000	-10.37	0.00	NCV	1.48	1.38	-8.0	0.0	0.9	0.0	NEG.	-14.3	4.1
HEITMAN PI	A-HTM	3292	3.76	0.00	SEP	0.16	1.56	-4.3	-10.9	9.7	0.0	-58.5	4.3	5.1
JUSTICE MTG	N-JMI	1184	-2.62	0.00	SEP	0.00	1.88	-11.7	-21.0	0.0	0.0	NEG.	0.0	2.2
KMC MTG IN	O-KMTGS	1100	4.28	0.00	ALG	0.00	1.88	66.4	66.4	0.0	0.0	-56.1	0.0	2.1
LOMAS & NTLN	N-LOM	3700	31.62	0.84	DEC	0.84	16.00	10.3	6.7	15.0	5.2	-49.4	2.7	59.2
M&T MTG INV	C-MTMS	1482	10.25	1.04	NCV	1.12	9.88	9.8	8.2	8.8	10.5	-3.6	10.9	14.6
MIDLAND MTG	N-MMT	2382	1.43	0.00	DEC	0.00	1.38	0.0	-8.0	0.0	0.0	-3.5	0.0	3.3
NO AMER MTG	N-NAM	4403	12.58	0.00	↓SEP	0.00	3.50	-20.1	-28.3	0.0	0.0	-72.2	0.0	15.4
SUTRO MTG IN	N-SLT	2322	14.96	0.00	DEC	0.04	6.50	-7.1	-8.8	162.5	0.0	-56.6	0.3	15.1
TMC MTG INV	O-TMG	800	-6.42	0.00	SEP	0.00	0.13	0.0	-48.0	0.0	0.0	NEG.	0.0	0.1
GROUP AVERAGE		2075	8.12	0.29		0.33	4.68	1.0	1.7	14.2	6.2	-42.3	4.1	172.8

#NET CASH FLOW, SEE PAGE 6. *GROSS CASH FLOW. NEG.-NEGATIVE BOOK VALUE. VJ-IN BANKRUPTCY REORGANIZATION. ARROWS DENOTE NEW EARNINGS OR DIVIDEND REPORTS AND DIRECTION. ZEROES INDICATE LOSS OR NO EARNINGS FOR QUARTER SHOWN. INSERTION: PROPERTY TRUST OF AMERICA IN EQUITY AND MORTGAGE COMBINATION TRUSTS.

	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	EARNINGS MCN	ANN*	LAST PRICE	% CHG MCN	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RET CN BK	MKT VA (MIL\$)
SHORT-TERM MTG-INDEPENDENT														
BUILDERS INV	C-BULDS	2929	-4.86	0.00	SEP	0.00	0.50	-10.7	31.6	0.0	0.0	NEG.	0.0	1.5
CAPITAL MI	A-CML	1675	1.10	0.00	DEC	0.00	1.25	0.0	0.0	0.0	0.0	13.6	0.0	2.1
VJCONTNL MTG	O-CMI	20838	-4.34	0.00	JUN	0.00	0.08	33.3	166.7	0.0	0.0	NEG.	0.0	1.7
DOMINION M&R	C-CMRTS	639	-7.40	0.00	NCV	0.00	0.50	61.3	284.6	0.0	0.0	NEG.	0.0	0.3
VJFIDELITY MI	C-FID	3046	-17.46	0.00	CCT	0.00	0.28	12.0	55.6	0.0	0.0	NEG.	0.0	0.9
FIRST MTG IN	C-FMTGS	8495	-6.81	0.00	CCT	0.35	0.31	-29.5	24.0	0.9	0.0	NEG.	-5.1	2.6
GRT AMER MI	O-GAA	4456	-11.78	0.00	CCT	0.44	0.38	0.0	22.6	0.9	0.0	NEG.	-3.7	1.7
HAMILTON INV	C-HAMTS	2095	6.25	0.00	SEP	0.00	1.38	-21.1	-8.0	0.0	0.0	-77.9	0.0	2.9
INSTITUTIONAL	N-INV	6074	7.53	0.00	CCT	0.00	1.50	8.7	-20.2	0.0	0.0	-80.1	0.0	9.1
MISSION INV	A-MIT	1812	5.58	0.00	NCV	0.00	1.75	0.0	7.4	0.0	0.0	-68.6	0.0	3.2
MTG INV WASH	O-MINVS	2146	7.39	0.00	SEP	0.00	2.63	-8.7	5.2	0.0	0.0	-64.4	0.0	5.6
NATIONAL MTG	O-NMF	2353	-0.01	0.00	NCV	0.00	0.09	-59.1	-52.6	0.0	0.0	NEG.	0.0	0.2
REPUBLIC MI	N-RMI	2107	5.77	0.00	SEP	0.00	1.50	-8.0	-25.0	0.0	0.0	-74.0	0.0	3.2
TEXAS 1ST MT	C-TFMRS	1055	7.93	0.00	DEC	0.88	3.00	14.1	20.0	3.4	0.0	-62.2	11.1	3.2
TIERCO	O-CGR	1161	3.81	0.00	SEP	0.00	1.00	53.8	212.5	0.0	0.0	-73.8	0.0	1.2
UMET TRUST	N-LAT	2109	4.16	0.00	NCV	0.00	1.75	-6.9	-27.2	0.0	0.0	-57.9	0.0	3.7
WESTERN MI	O-WMTGS	1002	6.79	0.00	ALG	0.00	1.75	0.0	7.4	0.0	0.0	-74.2	0.0	1.8
GROUP AVERAGE		3764	0.21	0.00		0.10	1.16	-0.6	3.8	11.8	0.0	438.4	45.8	44.7

SHORT-TERM MTG-COMMCL BANK														
AMER FLETCHER	A-AFM	1352	3.49	0.00	OCT	0.00	1.50	-14.3	-20.2	0.0	0.0	-57.0	0.0	2.0
EARNETT MTG	C-EMT	2174	-6.85	0.00	DEC	0.00	0.38	-32.1	-24.0	0.0	0.0	NEG.	0.0	0.8
CAMERON-BRWA	N-CB	2016	9.94	0.00	SEP	0.00	1.75	0.0	0.0	0.0	0.0	-82.4	0.0	3.5
CHASE MAN MT	N-CMR	4886	-12.49	0.00	NCV	0.82	2.63	-16.0	-16.0	3.2	0.0	NEG.	-6.3	12.9
CITIKATL DEV	O-CITIE	600	13.23	0.00	SEP	0.00	3.63	21.0	26.0	0.0	0.0	-72.6	0.0	2.2
CITIZENS MI	C-CZM	1421	-11.32	0.00	SEP	0.00	0.38	0.0	11.8	0.0	0.0	NEG.	0.0	0.5
CITIZENS&SC RL	N-CZS	3829	-8.78	0.00	SEP	0.00	1.38	-15.3	-26.6	0.0	0.0	NEG.	0.0	5.3
CONT ILL RLY	N-CIR	2757	0.19	0.00	DEC	0.00	1.63	-13.3	-27.6	0.0	0.0	757.9	0.0	4.6
FST COMMERCE	C-FCRMS	1008	13.28	0.00	SEP	0.00	4.50	0.0	5.9	0.0	0.0	-66.1	0.0	4.5
FST DENVR MI	O-FCENS	1621	1.25	0.00	SEP	5.13	0.88	17.3	17.3	0.2	0.0	-29.6	410.4	1.4
FST PENN MT	N-FPM	2961	8.04	0.00	CCT	0.00	1.94	-18.5	-29.5	0.0	0.0	-75.9	0.0	5.7
FST WISCN MT	C-FWM	1910	5.23	0.00	SEP	0.00	1.25	-9.4	-16.7	0.0	0.0	-76.1	0.0	2.4
INDEPEND MTG	O-IMTGS	2500	-3.89	0.00	SEP	0.00	0.38	0.0	0.0	0.0	0.0	NEG.	0.0	0.9
MARYLAND RLY	C-MCRTS	760	7.91	0.00	ALG	0.08	3.25	0.0	52.6	40.6	0.0	-58.9	1.0	2.5
TRI-SCUTH MI	N-TSI	2260	2.26	0.00	SEP	0.00	1.25	-23.3	-9.4	0.0	0.0	-44.7	0.0	2.8
WACHOVIA RLY	N-WRI	3335	11.29	0.00	NCV	0.00	4.00	-3.1	-3.1	0.0	0.0	-64.6	0.0	13.3
WELLS FAR MI	N-WFM	3511	17.25	0.48	DEC	1.08	10.88x	-2.6	13.0	10.1	4.4	-36.9	6.3	42.6
GROUP AVERAGE		2314	2.94	0.03		0.42	2.45	-4.7	0.2	5.9	1.2	-16.8	14.2	108.0

SHORT-TERM-MISC FINCL														
AMER CENTURY	N-ACT	2607	6.05	0.00	DEC	0.00	2.25	0.0	0.0	0.0	0.0	-62.8	0.0	5.9
BENEF STD MI	N-BSM	1355	1.70	0.00	CCT	0.00	1.50	-8.0	-29.6	0.0	0.0	-11.8	0.0	2.0
CI MTG GROUP	N-CI	4812	-0.53	0.00	CCT	0.00	0.88	-6.4	-12.0	0.0	0.0	NEG.	0.0	4.2
HANOVER SC R	A-HSO	946	10.83	0.00	NCV	0.00	4.75	-5.0	-5.0	0.0	0.0	-56.1	0.0	4.5
IDS RLY TR	N-IDR	2409	-17.40	0.00	CCT	0.00	0.50	-43.2	-20.6	0.0	0.0	NEG.	0.0	1.2
LMI INVSTORS	C-LMN	2009	3.42	0.00	DEC	4.81	0.88	-26.1	10.0	0.2	0.0	-74.3	140.6	1.8
MTG TRUST AM	N-MT	3860	12.49	0.00	NCV	0.00	4.00	0.0	-13.6	0.0	0.0	-68.0	0.0	15.4
NATIONWID RE	O-NRELS	1047	24.02	0.16	DEC	0.20	6.25x	-16.1	2.0	31.3	2.6	-74.0	0.8	6.5
GROUP AVERAGE		2381	5.07	0.02		0.63	2.63	-10.0	-6.9	4.2	0.8	-48.2	12.3	41.6

INTERMEDIATE-TERM MORTGAGES														
ALISON MTG I	C-AMV	2339	-14.64	0.00	OCT	0.00	0.75	19.0	-25.0	0.0	0.0	NEG.	0.0	1.8
BARNET-WINST	C-BWITS	1663	0.20	0.00	DEC	0.00	0.38	0.0	-54.2	0.0	0.0	90.0	0.0	0.6
DIVERSIFD MI	N-DMG	7327	6.95	0.00	SEP	0.00	1.13	-30.7	-24.7	0.0	0.0	-83.7	0.0	8.3
FST VIRGINIA	C-FVM	1208	2.55	0.00	SEP	0.00	0.38	-24.0	-5.0	0.0	0.0	-85.1	0.0	0.5
RLTY REFUND	A-RRF	1045	18.45	2.24	JAN	2.24	19.25x	4.3	-1.9	8.6	11.6	4.3	12.1	20.1
SECURITY MT	A-SWC	6487	5.81	0.00	DEC	0.07	2.75	0.0	10.0	39.3	0.0	-52.7	1.2	17.8
GROUP AVERAGE		3345	3.22	0.37		0.38	4.11	1.2	-4.7	10.7	9.1	27.5	12.0	49.1

LONG-TERM MTG & EQUITIES														
ATLANTA NATL	O-ATNAS	1260	10.24	0.00	NCV	0.00	2.25	50.0	50.0	0.0	0.0	-78.0	0.0	2.8
BT MTG INVT	N-BTM	2116	0.12	0.00	DEC	0.00	2.13	-5.3	-14.8	0.0	0.0	1675.0	0.0	4.5
CLEVELAND RL	C-CTRIS	2525	11.03	0.00	DEC	0.00	3.13	-7.4	19.0	0.0	0.0	-71.6	0.0	7.9
CON GEN M&P	N-CGM	5715	19.23	1.60	DEC	1.60	18.13	-4.0	-5.8	11.3	8.8	-5.7	8.3	103.6
COUSINS M&C	N-CUZ	3854	1.13	0.00	NCV	0.00	1.50	-8.0	-25.0	0.0	0.0	32.7	0.0	5.8
EQUIT LF MTG	N-EG	5600	23.64	2.24	JAN	2.36	23.63	-6.0	-10.4	10.0	9.5	-0.0	10.0	132.3
FIDELCC GROU	A-FGI	1580	12.11	0.00	NCV	0.00	2.75	4.6	10.0	0.0	0.0	-77.3	0.0	4.3
FST MEMPHIS	O-FMENS	1156	6.76	0.00	ALG	0.00	2.25	19.7	38.0	0.0	0.0	-66.7	0.0	2.6
GULF MTG&RLY	N-GMR	2210	5.39	0.00	NCV	0.00	2.13	6.5	-5.3	0.0	0.0	-60.5	0.0	4.7
HMC MTG&RLY	C-HMCRS	2388	4.21	0.00	CCT	0.00	0.88	0.0	-12.0	0.0	0.0	-79.1	0.0	2.1
HOSPITAL MTG	A-HMG	1178	22.90	0.60	NCV	0.80	8.00	12.2	20.7	10.0	7.5	-65.1	3.5	9.4
MASSMLT MTG	N-MML	4670	19.39	1.08	CCT	1.08	13.88	-2.6	-1.8	12.9	7.8	-28.4	5.6	64.8
MONY MTG INV	N-MYM	8825	9.94	0.92	NCV	0.76	10.63	3.7	-7.6	14.0	8.7	6.9	7.6	93.8
MTG GROU TH I	A-MTG	2652	10.99	0.48	ALG	0.34	5.63	-2.1	2.4	16.6	8.5	-48.8	3.1	14.9
NOWSTRN FINC	O-NFIN	1510	14.64	0.00	SEP	0.00	3.50	21.5	27.3	0.0	0.0	-76.1	0.0	5.3
NOWSTRN MUTL	N-NML	4758	19.08	1.00	DEC	0.88	12.75	-3.8	-4.7	14.5	7.8	-33.2	4.6	60.7
OLD STONE M	O-CSMRS	813	9.56	0.00	DEC	0.00	7.38	9.3	11.3	0.0	0.0	-22.8	0.0	6.0
PACIFIC STN	C-PSMTS	814	11.83	0.60	DEC	0.68	6.13x	6.8	8.9	9.0	9.8	-48.2	5.7	5.0
PNE MTG & RL	N-PNI	2437	18.46	0.40	DEC	0.52	8.50x	-4.4	-8.1	16.3	4.7	-54.0	2.8	20.7
RAM PACIFIC	O-RPACS	1890	18.09	1.16	NCV	1.01	11.50	5.7	10.8	11.4	10.1	-36.4	5.6	21.7
STATE MUTAL	N-SML	2786	-0.63	0.00	DEC	0.00	1.44	-4.0	4.3	0.0	0.0	NEG.	0.0	4.0
UNITED RLTY	A-LRT	3610	17.58	0.72	NCV	0.68	8.38	-1.4	-1.4	12.3	8.6	-52.3	3.9	30.3
GROUP AVERAGE		2925	12.08	0.49		0.49	7.11	0.4	-0.5	14.6	6.9	-41.1	4.0	607.4

CONVERTIBLE DEBENTURES

DEBENTURE	EX MAT	INT (%)	CONV AT	RECENT PRICE	YIELD (%)	% CHNG
ALISON MTG	CC '91	6.75	27.50	30.00	22.5	-6.3
AMER CENTURY	AS '90	7.00	21.00	56.00	12.5	0.0
AMER CENTURY B	NY '91	6.75	28.00	56.50	11.9	0.0
AMER REALTY	CC '84	7.00	10.40	28.00	25.0	12.0
BAIRD WARNER	CC '91	6.75	21.00	67.00	10.1	3.1
BANKAMERICA	CC '90	6.75	21.00	83.00	8.1	5.2
BENEF STD MI	AS '91	6.50	27.75	50.00	13.0	-3.4
CAPITAL MTG	CC '91	6.50	33.00	35.00	18.6	6.1
CHASE MANHATTAN	NY '96	6.50	55.00	54.00	12.0	15.8
COLWELL MTG	CC '91	6.50	29.38	28.00	23.2	-15.2
CONA GENERAL	NY '96	6.00	32.50	75.00	8.0	0.0
CONANTL MTG	CC '90	6.25	19.75	5.00	VJ	33.3
EQUITBL LF M	NY '90	6.75	26.25	53.00	7.3	-2.1
FIDELITY MI	CC '85	7.75	21.25	10.00	VJ	25.0
FIRST PENN M	CC '91	6.75	26.00	50.00	13.5	13.6
FIRST UNION	NY '91	7.00	13.00	93.00	7.5	1.1
FRANKLIN RLY	AS '89	7.00	10.00	70.00	10.0	0.0
GRT AMER MI	CC '91	7.00	35.50	9.00	77.8	12.5
HANOVER SQ R	AS '92	7.25	21.00	65.00	11.2	-3.0
HEITMAN MTG	AS '92	7.50	14.70	62.00	12.1	-1.4
HNC MTG	CC '91	6.75	21.00	45.00	15.0	2.3
HOTEL INVSTR	CC '90	7.75	21.00	75.00	10.3	0.0
HOTEL INVTRS	CC '91	7.50	25.25	71.00	10.6	1.4
LINCOLN MTG	CC '90	8.00	11.00	40.00	20.0	0.0
MASSMUTL MTG	NY '90	6.75	21.00	83.00	8.1	0.4
MASSMUTUAL M	NY '91	6.25	33.50	76.00	8.2	2.7
MIDLAND MTG	CC '86	7.00	16.67	38.00	18.4	-0.7
MONEY MTG	NY '90	7.00	11.00	97.00	7.2	1.4
MTG INV WASH	CC '90	8.00	15.00	55.00	14.5	3.8
NATIONAL MTG	CC '91	7.00	12.00	5.00	140.0	-41.2
NJB PRIME	CC '91	6.75	21.00	30.00	22.5	36.4
NOWSTRN MUTL	NY '91	6.00	21.00	76.00	7.9	-0.7
OLD STONE MT	CC '87	6.88	15.00	74.00	9.3	5.7
RAM PACIFIC	CC '91	6.75	21.00	74.50	9.1	-0.7
REALTY INCCM	AS '91	8.00	18.00	84.00	5.5	0.3
REPUBLIC MI	NY '90	9.00	19.00	81.00	11.1	1.2
SAUL (BF) RL	CC '91	6.50	23.00	56.00	11.6	1.8
SAUL (BF) REI	CC '90	8.00	15.50	65.00	12.3	0.0
STATE MUTUAL	AS '91	6.75	21.00	32.00	21.1	0.0
SUTRO MIT	NY '82	6.75	20.00	80.00	8.4	-1.2
SUTRO MTG	AS '91	6.75	20.00	72.00	9.4	1.4
TRI-SCUTH MI	NY '92	7.00	29.50	36.88	19.0	1.4
US BANCORP	AS '92	7.00	26.25	70.00	10.0	-1.2
US REALTY IN	NY '89	5.75	20.20	55.25	10.4	-1.3

WARRANTS

NAME	EXCH/ SYMCL	EXP DATE	OUT (000)	EXER PRICE	NC. SP.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MIL\$)
AMER CENTURY	A-ACTW	6/78	897	23.00	1.0	0.13	2.25	928.0	0.0	0.1
ATICO MTG IN	A-ACCW	12/79	563	15.00	1.0	0.31	2.13	618.8	-18.4	0.2
BARNES MTG	C-BARNW	12/82	1910	20.00	1.0	0.01	2.50	700.4	0.0	0.0
BENEF STD MT	A-BSMW	7/80	554	20.00	1.0	0.44	1.50	1262.7	41.5	0.2
BRT RLTY TR	A-BRTW	11/77	1400	10.00	1.0	0.03	0.88	1035.8	0.0	0.0
CAPITAL MTG	C-CHCRW	11/79	471	20.00	1.0	0.01	1.13	1670.8	0.0	0.0
CENTRAL MTG	O-CHRTW	3/77	775	20.00	1.0	0.01	4.00	400.2	-52.3	0.0
DENVER REIA	C-DENV5	5/77	177	11.00	1.0	0.06	7.50	47.5	50.0	0.0
FIRST UNICN	C-FUREW	12/77	600	12.75	1.0	0.38	12.00	9.4	-39.7	0.2
FLATLEY RLTY	C-FLTLW	5/77	1000	10.00	1.0	0.10	2.50	304.0	0.0	0.1
GUARDIAN MT*	A-GWIW	7/77	241	36.00	1.0	0.06	1.38	2513.0	0.0	0.0
JMB REALTY	C-JWBRW	8/77	510	20.00	1.0	0.30	14.50	40.0	20.0	0.2
M&T MTG INV	C-MTMIZ	8/80	747	13.00	1.0	0.25	9.88	34.1	0.0	0.2
MISSION INV	A-MITW	3/77	604	16.50	1.0	0.03	1.75	844.6	0.0	0.0
MTG INV WASH	C-MINVW	3/80	931	15.00	1.0	0.19	2.63	477.6	0.0	0.2
NATIONWIC RE	C-NRELW	1/81	652	32.00	1.0	0.10	6.25	413.6	66.7	0.1
NORTH AM MTG	A-NAMW	3/79	710	31.13	1.0	0.25	3.50	796.6	-34.2	0.2
NOWSTRN FING	C-NFINW	11/78	1510	18.06	1.1	0.03	3.50	416.8	0.0	0.0
PNB MTG&RLTY	A-PNIW	12/77	1220	20.00	1.0	0.13	8.50	136.8	0.0	0.2
REPUBLIC MI	A-RMIW	6/79	1064	20.00	1.0	0.13	1.50	1242.0	-48.0	0.1
RLTY REFUND	C-RREFW	6/77	1013	20.00	1.0	0.31	19.25	5.5	-55.1	0.3
SAN FRAN REI	A-SFIW	12/80	1348	25.00	1.0	1.13	13.38	95.3	-24.7	1.5
SECURITY MT*	A-SMCW	5/79	3117	16.00	1.0	0.25	2.75	490.9	56.3	0.8
SUTRO MIT(B)	A-SUTW	6/77	700	20.00	1.0	0.56	6.50	216.3	0.0	0.4
SUTRO MTG IN	C-SUTRS	4/78	299	22.00	1.0	0.06	6.50	239.4	20.0	0.0
UNITED RLTY	A-URTW	12/79	3610	20.00	1.0	0.31	8.38	142.4	-18.4	1.1
WELLS FARGO	C-WELLW	7/77	3458	20.00	0.5	0.05	10.88	84.7	25.0	0.2

SUTRO "B": AFTER 6/1/77, EXERCISE PRICE \$22 TO 6/1/82 EXPIRATION.

CENTRAL MORTGAGE: EXPIRE 3/25/77.

*DEBENTURES USABLE IN LIEU OF CASH.

HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of relative efficiency of real estate investment trust managements with available funds. Readers should note that historical data are used and thus no earnings or dividend projections or estimates are included. Investors are advised to consider carefully the following distinctive characteristics of REITs compared with other industrial or financial securities:

Annualized Dividend and Yield: Most REITs do not pay a posted quarterly dividend rate but instead pay their approximate earnings (or net cash flow, if appropriate) for the quarter. They follow this practice because REITs are required to pay at least 90% of earnings to shareholders in order to qualify for exemption from Federal income taxes. This practice means that dividends paid by most REITs will vary much more from quarter to quarter than industrial securities. This possibility for quarterly variations gives REIT shares higher risk because earnings do not provide a safety margin of coverage for the dividend as they do for industrial stocks. The outlook and stability of dividends are thus key factors in our RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusted for any capital gains or other special dividend payments. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to be continued in subsequent quarters. Because of these possible variations, annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

Annualized Earnings and Price/Earnings Ratio: For mortgage trusts, latest quarter earnings are multiplied by four. Zeros indicate losses or no earnings for the quarter indicated. Losses per share are shown in RELATIVE APPEAL RANKINGS. For equity trusts, annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings as the best single measure of results. Net cash flow is defined as net income plus depreciation minus mortgage amortization. The symbol "\$" indicates cash flow in the earnings column. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used, denoted by "a". Cash flow derived from amortization of debt discount is denoted by "e". The price/earnings ratio relates current price to the most appropriate earnings result. Both earnings (EPS) and net cash flow (CPS) per share for equity trusts for current periods are shown in RELATIVE APPEAL RANKINGS.

Shares: The number of shares outstanding, in thousands, is the number issued as of the latest balance sheet and is not adjusted for any potential conversion of debentures or exercise of warrants. Book value per share is essentially net tangible worth per share. The number does not reflect any changes in asset values through appreciation or abnormal depreciation of assets, nor any potential increase from possible conversion of debentures. Realized and estimated investment losses, as determined by management's provision for possible losses, are deducted from book value under AICPA rules. Audit also deducts intangible debt discount and expense costs from book value.

Trusts are grouped into nine categories under three major groupings to facilitate comparison. The category used for each trust is shown in RELATIVE APPEAL RANKINGS. Equity and combination groups include Equity trusts with over 80% of invested assets in direct ownership of completed income producing properties; Equity & Mortgage combination which balance investments between equity ownership and mortgages; and Subordinated Land trusts, investing primarily in ownership of land beneath income producing properties and leased to building operators.

Short-term mortgage groups invest primarily in mortgages under three years maturity, mainly construction, land development and other interim loans. They are grouped by sponsorship as follows: Mortgage banker; Independent; Commercial bank; and Miscellaneous financial institutions.

Intermediate & long-term mortgage groups are classed as intermediate-term for those whose predominant holdings mature in three to 10 years; and long-term for those with loans maturing in over 10 years, and generally with some equity investments.

(THE) HOTEL INVESTORS (13--ASE-HOT) FY Aug. 31

Real estate investments: Holdings of \$81.2 million are entirely long-term investments in the hotel and lodgings industry. Major franchise operations are stressed and the 23 hotel investments are operated as follows: four each under Hilton Inns, Ramada Inns, Travelodge, and Holiday Inns; three under Marriott Inns; one under Rodeway Inn; and three under local names. Investments are diversified into 14 states, with 22% in Missouri, 18% in Texas, 15% California, 7% each in Wisconsin and New York. The trust seeks to invest by various means and 44% of investments are mortgage loans, 26% in equity ownership of hotel buildings and land, 8% land leasebacks and wraparound mortgages, 15% other investments, 4% in foreclosure, and 4% in a hotel acquired by foreclosure. In six locations, THI owns underlying land and has also made a mortgage loan. Mortgage loans at six locations also provide for the trust to share in sales over base amounts, and carry equity options in some instances.

A total \$6.7 million, or 8%, of investments are classed as not earning income currently; these investments aren't lost but are temporarily hurt by depressed lodging markets. The foreclosed hotel is Hilton Inn in Victorville, Cal., acquired in July 1975. In June 1976 foreclosure was started on two Tucson, Ariz. motels, Desert Inn and Hilton Inn, with \$3.3 million mortgages. New commitments must await refinancing. Old commitments were funded. The trust is now stressing capital improvements to owned units. Construction was completed on a 178-room expansion of the Dallas Marriott Inn. A potential problem is a \$4 million Hawaiian hotel loan being paid by owners until earnings improve.

Financing: Total debt is 2.1 times shareholders' equity, a low ratio of debt to equity especially considering that about 26% of debt is mortgages secured by owned property. The \$25 million bank term loan maturing in 1980 is with three banks with interest at 125% of the prime rate to a maximum 8½%; amounts paid in cash over 8½% are offset against principal in the trust's accounts. The trust must make mandatory principal payments of \$2.5 million on March 31, 1977; \$3.75 million on March 31, 1978; \$6.25 million on March 31, 1979; and the \$12.5 million balance on March 31, 1980. Open bank lines available have now been increased to \$10 million. This loan is being renegotiated with the three banks and other sources. Short-term investments of \$5 million provide liquidity. Longer-term, management believes the 1979 and 1980 term loan repayments must be met through refinancing of properties.

Management: The trust terminated its advisory contract on Dec. 1, 1975 and became internally administered by hiring all former employees of the adviser. Trust management has generally shown ability to monitor investments in a very tough lodging industry environment. Cost control ability is rated good.

Results & outlook: The earnings and dividend level slipped to 32¢/share in the November quarter after having been stable at the 35¢ level for some quarters. The reason was the non-earning status of the Tucson Hilton and Desert Inns in Arizona. It appears that earnings will now stabilize at 32¢. Dividends are restricted to taxable income under the credit agreement which is being renegotiated. Since cash flow was 46¢/share in the November quarter, (helped by low amortization) there would be room for greater payout.

Fundamentally, a good job has been done in a volatile industry during a difficult period of energy shortages. Management skills are essential in the hotel business. But since REITs must remain passive investors, management can only monitor and suggest to local operators. Trustees have adopted a conservative stance stressing upgrading to increase return. The shares can be held for decent, but speculative, yield and possible moderate growth. The \$17.62/share book value after loss reserves looks realistic.

U.S. BANCORP REALTY & MORTGAGE TRUST (8--ASE-UBT) FY May 31

Real estate investments: Total investments have been trending downward gradually since peaking at \$92 million in May 1974, reflecting repayment of mortgage loans and halt of new commitments. Investments now total \$63.3 million and some further reduction is expected; the trust estimates it has \$2.1 million exposure to fund under closed loan commitments. The trust began as a balanced trust combining both mortgage loans and equity ownership of property. The recent real estate recession forced modifying this

strategy to accommodate a rising level of foreclosed properties, or involuntary equity investments. As a result investments are now 45% real estate held for investment; 38% mortgage loans, and 17% foreclosed property held for sale. Standard industrial and commercial properties have been stressed and investments at May 1976 were 34% industrial/warehouse; 21% office and commercial; 8% recreational condominiums; 7% urban condos and townhouses; 7% hotel/motel; 7% apartments; 6% land acquisition and development; 5% mobile home park; and 2% equities under construction. Most investments are in the Pacific Northwest with 56% in Oregon, 25% California, and smaller percentages in Washington and Texas.

Equity investments of \$31.2 million gross cost before depreciation at May 1976 were 68% in industrial parks with 1.57 million sf of net rentable space, including a 20,000 sf building under construction; 17% in free-standing industrial facilities with 397,000 sf; and 15% in office and commercial buildings with 344,000 sf. The major warehouse/industrial property is 38-acre Oregon Office/Industrial Park in Tigard, Ore., a suburb of Portland, where eight buildings with 487,000 sf are completed and were 93% occupied at May 1976, result of leasing about 87,000 sf during FY 1976. A ninth building of 20,000 sf was completed Nov. 1, 1976 and is fully leased, and a tenth building of the same size is under construction and 50% committed to tenants. Total investment is about \$6½ million. Other major equity holdings include these five properties all in Portland, Ore.: Davis Industrial Park, eight warehouses with 280,000 sf; Banfield Industrial Park, four warehouses and one office building with 247,000 sf total; Banfield Distribution Center, four warehouses with 203,000 sf; Portland Industrial Park, five warehouses with 255,000 sf; and Guilds Lake Industrial Park, two warehouses with 109,000 sf. Outside Portland equity holdings include the Valley River Office Park, two office buildings with 109,000 sf in Eugene, Ore., with \$3.85 million gross cost; Crocker Bank Building, Pasadena, Cal., 63,000 sf and \$1.9 million gross cost; plus free standing office buildings and warehouses in Portland and Yakima, Wash. Most properties are well leased, with the industrial/warehouse leases including property tax escalation clauses and tenants paying janitorial, utility and other operating costs. Only substantial vacancies in office and commercial properties are at the second 50,000 sf building at Valley River Office Park in Eugene, completed in March 1976 and now only 18% leased, and at the Crocker Bank building in Pasadena, now 84% occupied.

A total \$16.7 million investments, or 26.4% of the total, are classed as mortgages not earning income or foreclosed property held for sale. Another \$7.6 million, or 12%, are classed as partially earning income. These investments aren't total losses but are hurt by depressed local real estate markets or weakened borrowers. Major foreclosed properties include \$3.2 million in Highland Springs Village, a 476-unit mobile home park in Beaumont, Cal., near Riverside; and \$2.25 million in the INA Building of 50,000 sf in Dallas, now over 93% occupied. In December 1976 the trust sold the 128-unit Highlands Apartments in Eugene, Ore. and 11 acres of additional land on a basis believed advantageous to the trust after chargeoffs. And during 1976 the trust acquired and sold 52 condominiums at Palm Springs Golf and Tennis Club, Palm Springs, Cal.

Financing: Total debt is 3.4 times shareholders' equity and 2.7 times combined equity and accumulated loss reserves, leverage ratios regarded as manageable considering the large equity holdings of this balanced portfolio. However the trust has a basic imbalance in its capital structure with \$30.7 million short-term funds supporting only \$24 million short-term investments excluding foreclosures held for resale. This imbalance was caused by need to acquire substantial amounts of property through foreclosure and will have to be redressed by liquidation or permanent mortgage financing on these properties.

Management & REIT status: Bancorp Management Advisers, Inc., subsidiary of U.S. Bancorp, advises the trust for a minimum flat fee of \$25,000 monthly, approximating expenses. U.S. National Bank manages trust property to comply with I.R.S. rules. The adviser also supervises development of trust properties. The trust has maintained REIT qualification.

Results & outlook: UBT lost 29¢/sh. in the November quarter without any addition to the loss reserve and while the loss is smaller than the preceding quarter, no clear trend is evident. Foreclosed properties are gradually being returned to earning status and sold. Once these and problem loans are resolved, equities should provide a good earnings base. Realistically we do not see dividend resumption for another year but the shares, even at today's higher price, are attractive recovery candidates. (KDC)